

ASSYRIA TOWNSHIP
FINANCIAL STATEMENTS
For the year ended March 31, 2008

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Assyria Township
Barry County, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Assyria Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Assyria Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Assyria Township, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Hastings, Michigan
December 8, 2008

Walker, Fluke & Sheldon, PLC

ASSYRIA TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Primary Government</u>	
	Governmental	
ASSETS	Activities	Total
Cash and Cash Equivalents	\$ 221,992	\$ 221,992
Investments	218,362	218,362
Receivables		
Taxes	4,845	4,845
Due From State	20,543	20,543
Due from Other Funds	78	78
Capital Assets (Net of Accumulated Depreciation)	<u>21,385</u>	<u>21,385</u>
Total Assets	<u>487,205</u>	<u>487,205</u>
LIABILITIES		
Liabilities		
Accounts Payable	<u>2,625</u>	<u>2,625</u>
Total Liabilities	<u>2,625</u>	<u>2,625</u>
NET ASSETS		
Net Assets		
Invested in Capital Assets, Net of Related Debt	21,385	21,385
Unrestricted	<u>463,195</u>	<u>463,195</u>
Total Net Assets	<u>\$ 484,580</u>	<u>\$ 484,580</u>

The Notes to Financial Statements are an integral part of this statement.

ASSYRIA TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets	
			Primary Government	
		Charges for Services	Governmental Activities	Total
Primary Government				
Governmental Activities				
Legislative	\$ 14,143	\$ -	\$ (14,143)	\$ (14,143)
General Government	65,974	2,253	(63,721)	(63,721)
Public Safety	20,000	-	(20,000)	(20,000)
Public Works	22,052	-	(22,052)	(22,052)
Other	8,050	-	(8,050)	(8,050)
Total Governmental Activities	<u>130,219</u>	<u>2,253</u>	<u>(127,966)</u>	<u>(127,966)</u>
Total Primary Government	<u>\$ 130,219</u>	<u>\$ 2,253</u>	<u>(127,966)</u>	<u>(127,966)</u>
General Revenues				
Taxes			43,778	43,778
State Grants			133,464	133,464
Investment Income			15,392	15,392
Other			3,659	3,659
Total General Revenues			<u>196,293</u>	<u>196,293</u>
Change in Net Assets			68,327	68,327
Net Assets-Beginning			<u>416,253</u>	<u>416,253</u>
Net Assets-Ending			<u>\$ 484,580</u>	<u>\$ 484,580</u>

The Notes to Financial Statements are an integral part of this statement.

ASSYRIA TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2008

		Total Governmental Funds
ASSETS	General	
Cash and Cash Equivalents	\$ 221,992	\$ 221,992
Investments	218,362	218,362
Receivables		
Taxes	4,845	4,845
Due From State	20,543	20,543
Due From Other Funds	<u>78</u>	<u>78</u>
Total Assets	<u>\$ 465,820</u>	<u>\$ 465,820</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	<u>2,625</u>	<u>2,625</u>
Fund Balances		
Unreserved-Undesignated	<u>463,195</u>	<u>463,195</u>
Total Fund Balances	<u>463,195</u>	463,195
Total Liabilities and Fund Balance	<u>\$ 465,820</u>	
 Reconciliation of the Governmental Fund's Balance Sheet to the Statement of Net Assets:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental Capital Assets	\$ 47,215	
Less: Accumulated Depreciation	<u>25,830</u>	<u>21,385</u>
Net Assets of Governmental Activities		<u>\$ 484,580</u>

The Notes to Financial Statements are an integral part of this statement.

ASSYRIA TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended March 31, 2008

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues		
Taxes and Penalties	\$ 43,778	\$ 43,778
State Grants	133,464	133,464
Charges for Services	2,253	2,253
Interest and Rents	15,392	15,392
Other Revenue	<u>3,659</u>	<u>3,659</u>
Total Revenues	<u>198,546</u>	<u>198,546</u>
Expenditures		
Current		
Legislative	14,143	14,143
General Government	64,681	64,681
Public Safety	20,000	20,000
Public Works	22,052	22,052
Health & Welfare	8,050	8,050
Capital Outlay	<u>9,323</u>	<u>9,323</u>
Total Expenditures	<u>138,249</u>	<u>138,249</u>
Excess of Revenues Over (Under) Expenditures	60,297	60,297
Fund Balance-April 1, 2007	<u>402,898</u>	
Fund Balance-March 31, 2008	<u>\$ 463,195</u>	
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for Capital Assets	\$ 9,323	
Less: Current Year Depreciation	<u>1,293</u>	<u>8,030</u>
Change in Net Assets of Governmental Funds		<u>\$ 68,327</u>

The Notes to Financial Statements are an integral part of this statement.

ASSYRIA TOWNSHIP
FIDUCIARY FUNDS - STATEMENT OF NET ASSETS
March 31, 2008

<u>ASSETS</u>	<u>Tax Fund</u>
Cash and Cash Equivalents	\$ <u>78</u>
Total Assets	\$ <u>78</u>
 <u>LIABILITIES</u>	
Liabilities	
Due to Other Funds	\$ <u>78</u>
Total Liabilities	\$ <u>78</u>

The Notes to Financial Statements are an integral part of this statement.

**ASSYRIA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2008**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Assyria Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Assyria Township:

REPORTING ENTITY

Assyria Township is situated in Barry County near Nashville. The Township operates under an elected board of five members and provides services to residents in many areas including fire protection and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they may have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

ASSYRIA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION
(Continued)

Taxes Receivable - The Township property tax is levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28th. After that date, they are added to the county delinquent tax rolls.

Although the Township ad valorem tax is levied and collectible on February 1st, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 State taxable valuation of the Township totaled \$51,420,191 on which ad valorem taxes levied consisted of .8524 mills for Township operating purposes raising \$43,778 for operating purposes.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

Additionally, the government reports the following fund types:

- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28th. After that date, they are added to the county's delinquent tax rolls.

The delinquent real property taxes of the Township are purchased by Barry County.

Capital Assets - The Township defines capital assets as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Buildings & Improvements	15-50 years
Land Improvements	20 years
Equipment & Furniture	7-10 years
Data Processing Equipment	3 years

**ASSYRIA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2008**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Currently, the Township does not have any reservations or designations of fund balance.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to March 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2008 the Township had no expenditures in certain budgetary funds, which were in excess of the amounts appropriated.

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by Assyria Township.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated three banks and two savings banks for the deposit of Assyria Township funds.

ASSYRIA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2008

DEPOSITS AND INVESTMENTS (Continued)

The Township's deposits and investments are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>FIDUCIARY FUNDS</u>	<u>TOTAL PRIMARY GOVERNMENT</u>
Cash and Cash Equivalents	\$ 221,992	\$ 78	\$ 222,070
Investments	218,362	-	218,362
Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 440,354</u>	<u>\$ 78</u>	<u>\$ 440,432</u>

The breakdown between deposits and investments is:

	<u>PRIMARY GOVERNMENT</u>
Bank Deposits	\$ 440,432
(Checking and Savings Accounts, Certificates of Deposit)	
Investment in Securities	-
(Mutual Funds and Similar Vehicles)	
Petty Cash and Cash on Hand	<u>-</u>
Total	<u>\$ 440,432</u>

Custodial credit risk is the risk that the Township will not be able to recover its deposits in the event of financial institution failure. The Township's deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, the Township has deposits with a carrying amount of \$440,432 and a bank balance of \$447,508. Of the bank balance, \$349,665 is covered by federal depository insurance and \$90,767 is uninsured and \$0 is collateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of the FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

INTERFUND RECEIVABLES AND PAYABLES

The amounts of the interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>FUND</u>	<u>INTERFUND PAYABLES</u>
General	\$ 78	Tax	\$ 78
	<u>\$ 78</u>		<u>\$ 78</u>

The tax fund interfund receivable and payable represent tax money collected, not yet remitted to the Township General Fund.

ASSYRIA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2008

CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 7,000	\$ -	\$ -	\$ 7,000
Subtotal	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Capital Assets Being Depreciated				
Buildings	16,667	9,323	-	25,990
Land Improvements	1,175	-	-	1,175
Office Furniture & Equipment	<u>13,050</u>	<u>-</u>	<u>-</u>	<u>13,050</u>
Subtotal	<u>30,892</u>	<u>9,323</u>	<u>-</u>	<u>40,215</u>
Less Accumulated Depreciation for				
Buildings	16,667	420	-	17,087
Land Improvements	1,175	-	-	1,175
Office Furniture & Equipment	<u>6,695</u>	<u>873</u>	<u>-</u>	<u>7,568</u>
Subtotal	<u>24,537</u>	<u>1,293</u>	<u>-</u>	<u>25,830</u>
Net Capital Assets Being Depreciated	<u>6,355</u>	<u>8,030</u>	<u>-</u>	<u>14,385</u>
Governmental Activities				
Total Capital Assets- Net of Depreciation	<u>\$ 13,355</u>	<u>\$ 8,030</u>	<u>\$ -</u>	<u>\$ 21,385</u>

Depreciation expense was charged to programs as follows:

Governmental Activities	
General Government	<u>\$ 1,293</u>
Total Governmental Activities	<u>\$ 1,293</u>

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township manages its risk exposure through different insurances provided by a commercial insurance company. The Township is not self-insured other than for minimal deductibles. At March 31, 2008, there were no claims that exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

ASSYRIA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 402,898	\$ 402,898	\$ 402,898	\$ -
Resources (Inflows)				
Taxes and Penalties	43,830	43,830	43,778	(52)
State Grants	132,750	132,750	133,464	714
Charges for Services	2,500	2,500	2,253	(247)
Interest and Rents	15,000	15,000	15,392	392
Other Revenue	<u>3,220</u>	<u>3,220</u>	<u>3,659</u>	<u>439</u>
Amounts Available for Appropriation	<u>197,300</u>	<u>197,300</u>	<u>198,546</u>	<u>1,246</u>
Charges to Appropriations (Outflows)				
Legislative				
Township Board	14,950	14,950	11,481	3,469
Trustees	2,662	2,662	2,662	-
General Government				
Supervisor	6,377	6,377	6,377	-
Supervisor Expense	500	500	379	121
Elections	2,000	2,000	1,644	356
Assessor	14,318	14,318	14,318	-
Clerk	8,823	8,823	8,823	-
Clerk Expense	800	800	745	55
Board of Review	1,625	1,625	1,391	234
Treasurer	10,177	10,177	10,177	-
Treasurer Expense	3,800	3,800	3,101	699
Township Hall	3,500	3,500	2,876	624
Cemetery	16,000	16,000	14,850	1,150
Public Safety				
Fire Department	20,000	20,000	20,000	-
Public Works				
Highways	27,500	27,500	22,052	5,448
Health and Welfare				
Ambulance	9,000	9,000	8,050	950
Other	2,000	2,000	-	2,000
Capital Outlay	<u>30,300</u>	<u>30,300</u>	<u>9,323</u>	<u>20,977</u>
Total Charges to Appropriations	<u>174,332</u>	<u>174,332</u>	<u>138,249</u>	<u>36,083</u>
Excess of Resources Over (Under)				
Appropriations	<u>22,968</u>	<u>22,968</u>	<u>60,297</u>	<u>37,329</u>
Budgetary Fund Balance March 31, 2008	<u>\$ 425,866</u>	<u>\$ 425,866</u>	<u>\$ 463,195</u>	<u>\$ 37,329</u>



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December 8, 2008

To the Township Council
Assyria Township
Barry County, MI

We have recently completed an audit of the financial statements of the Assyria Township, Barry County, Michigan for the year ended March 31, 2008. During the course of the audit the following items came to our attention, which require further comment.

Receipt Book

During the course of the audit, it was noted that the treasurer was not noting in the township receipt book whether payments received were cash or check and, if applicable, the check number of the payment.

A pre-numbered duplicate receipts book should be used to record all payments received. The receipt should indicate the date collected, the payer, the amount and whether the payment was made in cash or check. The top copy should be given to the customer and the bottom copy should be kept in tact in the book. The receipts should indicate which are added together to make one deposit. Receipts records provide valuable tracking information and internal controls over cash payments.

It is recommended the treasurer start noting all of these details in her receipt book.

Interest Income Record Keeping

During the course of the audit, it was noted that interest income on some certificates of deposit was not being recorded when the interest was earned.

According to generally accepted accounting principles, the general and special revenue funds of governmental units use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means, collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Since the interest earned on certificates is periodically credited to the account, the interest being credited meets the measurable and available test for revenue recognition and must be recorded by the Township.

It is recommended the Township record interest income from certificates of deposit when it is credited to the account. The treasurer should request quarterly print outs for each certificate of deposit from the corresponding bank. The amount of interest credited to the account since the prior inquiry should be receipted and given to the clerk for posting in the general ledger. This documentation should be kept to support the entries and filed in an organized manner that is easily accessible. In addition, the clerk should reconcile the bank balance to the adjusted general ledger balance. Any discrepancies should be investigated and corrected in a timely manner.

The Township pays Officials and Employees in Advance

During the course of the audit, it was noted that numerous township officials were paid their salary partially in advance and on a quarterly basis.

MCL 750.490 directs that it is illegal to pay official and employees in advance or to loan monies to anyone or to any organization from public funds. Since an official or employee has not yet earned the money, paying in advance would be considered a loan. Payroll frequency and dates must be in compliance with Internal Revenue Service guidelines.

It is recommended township officials should receive payment of wages on the first day of each calendar month for all wages earned during the preceding month.

The Township Has Not Adopted A Capital Outlay Policy nor Depreciation Policy

During the course of the audit, it was noted that the Township does not have a capital outlay policy or depreciation policy. A capital outlay policy helps the clerk determine which expenditures to capitalize as fixed assets vs. expensing as supplies or repairs and maintenance. It enables the board to identify and separately approve the purchase of fixed asset disbursements. This policy will become critical with the implementation of GASB 34, which requires more detailed accounting in the area of fixed assets. In addition, a depreciation policy sets forth the method and lives that these capital assets will be depreciated for GASB 34 purposes.

It is recommended the Township Council adopt a capital outlay policy that sets a dollar threshold, under which items would not require specific board approval and would be booked to supplies or repairs and maintenance. Expenditures over that dollar threshold would require board approval for the exact amount (including shipping, freight, add-on's, etc) and be recorded in the capital outlay accounts. The Township also needs to adopt a depreciation policy that would specify the method and useful lives to apply to the fixed asset listing to calculate depreciation expense.

Disbursements

During the course of the audit, it was noted, that valid receipts could not substantiate several expenditures.

Disbursements made by the Township should be supported by proper documentation. Invoices or contracts should support expenditures for goods or services and be lawful in nature. A signed reimbursement form that specifies the payee, what the expense was incurred for, where the expense occurred, when the expense was incurred and why the expense was incurred should substantiate reimbursements to employees or officials. Applicable invoices or receipts should be attached.

We recommend that the Township obtain proper documentation for all disbursements made. The documentation should be filed in an organized manner that is easily assessable. Employees reimbursing the Township for expenses should be required to in a timely fashion.

We would like to take this opportunity to thank the Assyria Township Clerk and Treasurer for the cooperation and courtesy extended to us during the audit. If you have any questions or need assistance, do not hesitate to contact us.

Walker, Fluke & Shelden, P.C.



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To the Township Board
Assyria Township
Barry County, Michigan

In planning and performing our audit of the financial statements of the Assyria Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Assyria Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

- The Township does not have the technical expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures. Currently, the Township contracts with Walker, Fluke & Sheldon, PLC to prepare the financial statements and assist with accrual entries.

This communication is intended solely for the information and use of management, the board of trustees of Assyria Township and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Hastings, MI
December 8, 2008

Walker, Fluke & Sheldon, PLC